

Financial Statements AgReserves Limited

For the Year Ended 31 December 2015



Registered number: 2947030

Company Information

Directors

D M Sleight
T N Jones
B M Conway (appointed 10 September 2015)

Company secretary

P Allen

Registered number

2947030

Registered office

Manor Farm
Church End
Woodwalton
Huntingdon
Cambridgeshire
PE28 5YU

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
The Colmore Building
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

Contents

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 6
Statement of Comprehensive Income	7
Statement of Financial Position	8 - 9
Statement of Changes in Equity	9
Notes to the Financial Statements	10 - 27

Strategic Report

For the Year Ended 31 December 2015

Introduction

The principal activity of the company during the year was that of arable farming.

Business review

The company continues to pursue the goals laid out in the business plan, which include improving yields of the various crops by best practice methods, and reducing costs using economies of scale wherever possible and by strict numerical comparisons and control. Improving present holdings and areas of focus are under constant review. The policies set out by the Board are implemented by the Finance department which is closely supervised in this respect. The company is exposed to various risks as defined below.

Principal risks and uncertainties

The following statements summarise the company's policy in managing identified forms of financial risk:

Price risk

As part of the nature of agriculture the company is subject to price variations, but active efforts are made to manage this risk by taking advantage of regular market information, forward contracts, and owning sufficient storage. These storage facilities allow the company to price and deliver products away from the harvest window which is well known to be a period of depressed prices.

Credit risk

In view of the recent economic downturn the company is making every effort to minimise exposure to customer credit risks and all appropriate steps are taken to reduce this risk.

Interest/currency rate risks

With the present banking interest rates being so low there is a risk that the company will not make optimal use of surplus cash and therefore every effort is being made to review all options that would bring the highest rates possible. Forward dealing facilities continue to be explored in regards to foreign currency accounts.

Financial key performance indicators

Monthly detailed reporting analysis is performed based on the company meeting budgets approved by the ultimate parent company, variances are monitored and, if significant, investigated, understood and reported.

Strategic Report (continued)

For the Year Ended 31 December 2015

Other key performance indicators

	2015	2014
	£	£
Operating profit	691,188	984,866
Year end stock value	5,609,419	4,861,477

The Directors are satisfied with the above performance.

This report was approved by the board on 22/09/2016

and signed on its behalf.

B M Conway
Director



Directors' Report

For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under Company law the directors must not approve the financial statements unless they are satisfied that they show a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

D M Sleight

M E Knight (resigned 10 September 2015)

T N Jones

B M Conway (appointed 10 September 2015)

Directors' Report (continued)

For the Year Ended 31 December 2015

Matters covered in the strategic report

The business review, principal risks and uncertainties and key performance indicators have been included within the Strategic Report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

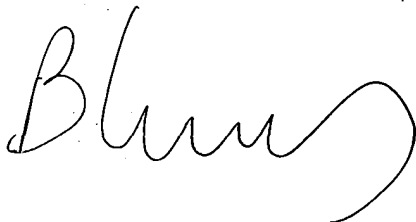
The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

22/09/2016

and signed on its behalf.

B M Conway
Director



Independent Auditor's Report to the Members of AgReserves Limited

We have audited the financial statements of AgReserves Limited for the year ended 31 December 2015, which comprise the Income Statement and Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Members of AgReserves Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

Kathryn Godfree (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Birmingham

Date: *26 September 2014*

Income Statement and Statement of Total Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover	4	5,276,765	6,660,548
Cost of sales		(3,724,484)	(4,818,760)
Gross profit		1,552,281	1,841,788
Administrative expenses		(928,410)	(906,307)
Other operating income		67,317	49,385
Operating profit		691,188	984,866
Interest receivable and similar income	6	38,859	49,143
Profit on ordinary activities before taxation		730,047	1,034,009
Taxation on profit on ordinary activities	10	(109,489)	(232,934)
Profit for the financial year		620,558	801,075
Other comprehensive income for the year		-	-
Total comprehensive income for the year		620,558	801,075

There were no recognised gains and losses for 2015 or 2014 other than those included in the income statement and statement of total comprehensive income.

The notes on pages 10 to 27 form part of these financial statements.

Statement of Financial Position

As at 31 December 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Intangible assets	11		6,766		-
Tangible assets	12		1,931,302		2,078,758
Investments	13		22,712		16,667
			<u>1,960,780</u>		<u>2,095,425</u>
Current assets					
Stocks	14	5,609,419		4,861,477	
Debtors: Amounts falling due within one year	15	1,976,580		1,040,763	
Cash at bank and in hand	16	15,193,775		15,656,793	
			<u>22,779,774</u>	<u>21,559,033</u>	
Creditors: Amounts falling due within one year	17	(5,017,269)		(4,573,454)	
Net current assets			<u>17,762,505</u>		<u>16,985,579</u>
Total assets less current liabilities			<u>19,723,285</u>		<u>19,081,004</u>
Deferred tax			(325,711)		(303,988)
Net assets			<u>19,397,574</u>		<u>18,777,016</u>
Capital and reserves					
Called up share capital	21	4,100,000		4,100,000	
Other reserves	20	5,350,000		5,350,000	
Profit and loss account	20	9,947,574		9,327,016	
			<u>19,397,574</u>		<u>18,777,016</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22/09/2016.

B M Conway
Director



The notes on pages 10 to 26 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2015

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	4,100,000	5,350,000	9,327,016	18,777,016
Profit for the year	-	-	620,558	620,558
Total comprehensive income for the year	-	-	620,558	620,558
At 31 December 2015	4,100,000	5,350,000	9,947,574	19,397,574

Statement of Changes in Equity

For the Year Ended 31 December 2014

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2014	4,100,000	5,350,000	8,525,941	17,975,941
Profit for the year	-	-	801,075	801,075
Total comprehensive income for the year	-	-	801,075	801,075
At 31 December 2014	4,100,000	5,350,000	9,327,016	18,777,016

The notes on pages 10 to 27 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Company information

AgReserves Limited is a limited company, incorporated in the United Kingdom, and the address of its registered office is Manor Farm, Church End, Wood Walton, Huntingdon, Cambridgeshire, PE28 5YU.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 26 for an explanation of the transition.

The financial statements are presented in Sterling (£).

2.2 Disclosure exemptions adopted

AgReserves Limited is a qualifying entity under FRS 102 and has adopted the following disclosure exemptions:

- the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d) not to present a Statement of Cash Flows.
- the requirements of Section 11 paragraph 11.48A not to disclose information on the financial risk management of the entity.

Farmland Reserve UK Limited is the parent of the group in whose consolidated financial statements AgReserves Limited financial statements are consolidated. The consolidated financial statements may be obtained from Companies House.

2.3 Going concern

The financial statements have been prepared on a going concern basis. Forecasts are prepared by the directors on an annual basis. The directors consider it appropriate to apply the going concern assumptions given the significant cash balances and profits made by the company.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.4 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from crop sales is recognised upon receipt of the goods by the customers. Whilst goods are in transit, the risk and reward of ownership remain with the company. Single farm payments and subsidy income are recognised in the period they relate to.

2.5 Interest income

Interest income is recognised in the Statement of Comprehensive Income on a receivable basis.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Single farm payment entitlements	Remaining review period to 2020
------------------------------------	---------------------------------

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.7 Tangible fixed assets

Individual fixed assets costing more than £5,000 are capitalised at cost.

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & machinery	- Straight line over 3 to 10 years
-------------------	------------------------------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement and Statement of Total Comprehensive Income.

2.8 Operating leases: the Company as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the annual rent expense equals the amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

2.9 Operating leases: Lessor

Rental income is recognised on a straight line basis over the period of the lease, unless the rental payments are structured to increase in line with expected general inflation, in which case the annual rent income equals the amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the income recognised over the lease term on a straight line basis.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.10 Investments

Investments comprise investments in quoted equity instruments which are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is estimated with reference to the quoted market price in an active market at each reporting date.

2.11 Stocks

Agricultural produce is held under the cost model, being stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on an allocation of costs. Cultivations and crop in store include labour and attributable overheads.

Cultivations cost is determined on an overhead allocation basis. The cultivations are in the early stages of growth at the year end and therefore their market value cannot be determined.

Crop in store are valued at the lower of cost and net realisable value, with reference to market value and contracted future sales.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.14 Financial instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.15 Derivative financial instruments

The company also enters into non-basic financial instruments transactions such as forward foreign currency contracts, that result in the recognition of financial assets and liabilities. Derivative financial instruments are recognised at fair value through profit and loss, and are revalued to fair value at the end of each reporting period using a valuation technique. Any gains or losses being reported in profit or loss. Outstanding derivatives at the reporting date are included under the appropriate format heading depending on the nature of the derivative.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.17 Pensions

The company is part of a defined benefit scheme operated by The Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plan. The fund is valued every three years by a professionally qualified independent actuary, with rates of contributions payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates.

Pension costs are accounted for on the basis of contributions made in the year or accrued at the year end, on a defined contribution basis, as requested by FRS 102 as the company is unable to identify its share of the underlying assets and liabilities of the scheme. Full details of the plan are provided in the financial statements of The Church of Jesus Christ of Latter-day Saints (Great Britain).

The company is not liable to the plan for other entities obligations under the terms and conditions of the multi employer plan.

2.18 Current and deferred taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

For the Year Ended 31 December 2015

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include:

Trade debtors

Trade debtors consist of amounts due from customers. An allowance for doubtful debts is maintained for estimated losses resulting from the inability of the company's customers to make required payments. The allowance is based on the company's regular assessment of the credit worthiness and financial conditions of customers.

Stock

Stock is valued at the lower of cost and net realisable value. Cost is determined on an overhead allocation basis. Net realisable value is determined by management with reference to market value, considering contracted future sales. Certain factors could affect the net realisable value of the company's stocks, including customer demand and market conditions.

Tangible and intangible fixed assets

Depreciation and amortisation are provided on fixed assets based on the estimated useful economic life of those assets. This is based on managements knowledge of the business, assets and prior experience.

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Turnover

All turnover arose within the United Kingdom and from the principal activity of the company.

5. Other operating income

	2015 £	2014 £
Profit on disposal of fixed assets	59,845	50,893
Fair value movements	7,472	(1,508)
	<u>67,317</u>	<u>49,385</u>

6. Interest receivable

	2015 £	2014 £
Bank interest receivable	38,859	49,143
	<u>38,859</u>	<u>49,143</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

7. Operating profit

The operating profit is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets	520,743	504,281
Amortisation of intangible assets, including goodwill	1,353	-
Operating lease rentals	1,170,921	1,155,498
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	13,000	13,000
- Taxation compliance services	4,550	2,000
Defined contribution pension cost	125,952	109,156
	<u>1,836,519</u>	<u>1,783,835</u>

8. Staff Costs

Staff costs, including directors' remuneration, were as follows:

	2015	2014
	£	£
Wages and salaries	508,415	521,150
Social security costs	127,972	128,051
Other pension costs	125,952	109,156
	<u>762,339</u>	<u>758,357</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015	2014
	No.	No.
Production and administration	15	16
	<u>15</u>	<u>16</u>

9. Directors' remuneration

	2015	2014
	£	£
Directors' emoluments	105,308	97,221
Company contributions to defined contribution pension schemes	4,337	-
	<u>109,645</u>	<u>97,221</u>

During the year retirement benefits were accruing to 1 director (2014 - 0) in respect of defined contribution pension schemes.

Notes to the Financial Statements

For the Year Ended 31 December 2015

10. Taxation

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	130,630	237,165
Adjustments in respect of prior year	(42,864)	10,552
Total current tax	<u>87,766</u>	<u>247,717</u>
Deferred tax		
Origination and reversal of timing differences	52,121	(13,994)
Adjustment in respect of prior periods	-	(789)
Effect of tax rate change on opening balance	(30,398)	-
Total deferred tax	<u>21,723</u>	<u>(14,783)</u>
Taxation on profit on ordinary activities	<u>109,489</u>	<u>232,934</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>730,047</u>	<u>1,034,009</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	147,810	222,565
Effects of:		
Expenses not deductible for tax purposes	274	-
Adjustments to tax charge in respect of prior periods	(42,864)	10,552
Income not taxable for tax purposes	(1,457)	(437)
Difference in tax rates	2,897	1,043
Dividends from UK companies	-	(789)
Other timing differences	2,829	-
Total tax charge for the year	<u>109,489</u>	<u>232,934</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

11. Intangible fixed assets

	Single farm payment entitlements £
Cost	
At 1 January 2015	315,356
Additions	8,119
At 31 December 2015	<u>323,475</u>
Amortisation	
At 1 January 2015	315,356
Charge for the year	1,353
At 31 December 2015	<u>316,709</u>
Net book value	
At 31 December 2015	<u><u>6,766</u></u>
At 31 December 2014	<u><u>-</u></u>

Amortisation of intangible fixed assets is included in administrative expenses.

Notes to the Financial Statements

For the Year Ended 31 December 2015

12. Tangible fixed assets

	Plant & machinery £
Cost or valuation	
At 1 January 2015	4,284,502
Additions	441,355
Disposals	(289,871)
At 31 December 2015	4,435,986
Depreciation	
At 1 January 2015	2,205,744
Charge owned for the period	520,743
Disposals	(221,803)
At 31 December 2015	2,504,684
Net book value	
At 31 December 2015	1,931,302
At 31 December 2014	2,078,758

Notes to the Financial Statements

For the Year Ended 31 December 2015

13. Investments

	Listed investments £
Cost or valuation	
At 1 January 2015	16,667
Revaluations	6,045
At 31 December 2015	22,712
At 31 December 2015	-
Net book value	
At 31 December 2015	22,712
At 31 December 2014	16,667

Notes to the Financial Statements

For the Year Ended 31 December 2015

14. Stocks

	2015 £	2014 £
Cultivations	2,690,122	2,149,106
Crop in store	2,919,297	2,712,371
	<u>5,609,419</u>	<u>4,861,477</u>

The amount of stock recognised as an expense during the year is £3,289k (2014: £4,759k).

An impairment loss of £880k (2014: £404k) was recognised in cost of sales against stock during the year due to damaged stock, and to ensure that stock is stated at the lower of cost and net realisable value.

15. Debtors

	2015 £	2014 £
Due within one year		
Trade debtors	939,465	880,802
Amounts owed by group companies	268,331	115,567
Other debtors	675,925	170
Prepayments and accrued income	61,382	-
Tax recoverable	30,050	44,224
Financial instruments	1,427	-
	<u>1,976,580</u>	<u>1,040,763</u>

An impairment loss of £8,000 (2014: £810 credit) was recognised in administrative expenses against trade debtors during the year due to bad debts.

Amounts owed by group undertakings are interest free and repayable on demand.

16. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	15,193,775	15,656,793
	<u>15,193,775</u>	<u>15,656,793</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

17. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	52,191	47,646
Amounts owed to group undertakings	4,762,180	4,299,811
Taxation and social security	111,499	109,450
Other creditors	33,581	32,106
Accruals and deferred income	57,818	84,441
	<u>5,017,269</u>	<u>4,573,454</u>

Amounts owed to group undertakings are interest free and repayable on demand.

18. Financial instruments

	2015 £	2014 £
Financial assets		
Derivative financial assets measured at fair value through profit or loss	1,427	-
Financial assets that are debt instruments measured at amortised cost	1,883,721	996,539
	<u>1,885,148</u>	<u>996,539</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(4,905,770)	(4,464,004)
	<u>(4,905,770)</u>	<u>(4,464,004)</u>

Derivative financial assets measured at fair value through profit or loss comprise the fair value at the year end of forward contracts for foreign currency. Two contracts were entered into in 2015 to sell €800,000 on 26 July 2016. The fair value at the year end has been determined with reference to the year end bank valuation. A gain of £1,427 has been recognised in the Statement of Comprehensive Income during the year.

Financial assets measured at amortised cost comprise trade and group debtors and other debtors.

Financial Liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

Notes to the Financial Statements

For the Year Ended 31 December 2015

19. Deferred taxation

	2015 £	2014 £
At beginning of year	(303,988)	(318,770)
Charged to the profit or loss	(21,723)	14,782
At end of year	(325,711)	(303,988)

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	(275,576)	(274,705)
Short term timing differences	(47,620)	(29,283)
Derivative contracts	(2,515)	-
	(325,711)	(303,988)

20. Reserves

Called up share capital

Share capital represents the nominal value of shares that have been issued. There are no restrictions attached to the one class of share capital.

Other reserves

Other reserves comprise capital reserves.

Profit & loss account

Profit and loss account includes all current and prior period retained profits and losses.

21. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
4,100,000 Ordinary shares of £1 each	4,100,000	4,100,000

Notes to the Financial Statements

For the Year Ended 31 December 2015

22. Pension commitments

The company participates in a pension scheme operated by the Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans ("the Plan"). This scheme is of the defined benefit type and is funded by contributions from the participating companies and their employees at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee-administered funds completely independent of group finances. Full disclosure of the valuation is shown in the accounts of The Church of Jesus Christ of Latter-day Saints (Great Britain). The company has accounted for the scheme as if it was a defined contribution scheme because it is not feasible to split the assets and liabilities of the scheme between all the companies whose employees are members. Contributions to the scheme for the year were £125,952 (2014: £109,156).

23. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	899,598	818,698
Total	899,598	818,698

24. Related party transactions

As a wholly owned subsidiary of Farmland Reserve UK Limited, the company is exempt from the requirements of FRS 102 to disclose transactions with other wholly owned members of the group, and therefore transactions with parent company Farmland Reserve UK Limited have not been disclosed.

Key management personnel

FRS 102 requires disclosure of key management personnel compensation for AgReserves Limited. Total key management personnel compensation is disclosed below:

	2015 £	2014 £
Key management personnel compensation	282,545	284,750
	282,545	284,750

25. Ultimate parent undertaking and controlling party

The immediate parent company is Farmland Reserve UK Limited. The ultimate holding company is Farmland Reserve Inc., a company incorporated in the state of Utah, United States of America. This is the largest and smallest group of undertakings for which group accounts are drawn up.

Notes to the Financial Statements

For the Year Ended 31 December 2015

26. First time adoption of FRS 102

	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets	2,302,871	12,999	2,315,870	2,083,934	11,491	2,095,425
Current assets	20,592,885	-	20,592,885	21,559,033	-	21,559,033
Creditors: amounts falling due within one year	(4,614,044)	-	(4,614,044)	(4,573,454)	-	(4,573,454)
Net current assets	15,978,841	-	15,978,841	16,985,579	-	16,985,579
Total assets less current liabilities	18,281,712	12,999	18,294,711	19,069,513	11,491	19,081,004
Provisions for liabilities	(318,770)	-	(318,770)	(303,988)	-	(303,988)
Net assets	17,962,942	12,999	17,975,941	18,765,525	11,491	18,777,016
Capital and reserves	17,962,942	12,999	17,975,941	18,765,525	11,491	18,777,016

Notes to the Financial Statements

For the Year Ended 31 December 2015

26. First time adoption of FRS 102 (continued)

	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Turnover	6,660,548	-	6,660,548
Cost of sales	(4,818,760)	-	(4,818,760)
	<hr/>	<hr/>	<hr/>
	1,841,788	-	1,841,788
Administrative expenses	(906,307)	-	(906,307)
Other operating income	50,893	(1,508)	49,385
	<hr/>	<hr/>	<hr/>
Operating profit	986,374	(1,508)	984,866
Interest receivable and similar income	49,143	-	49,143
Taxation	(232,934)	-	(232,934)
	<hr/>	<hr/>	<hr/>
Profit on ordinary activities after taxation and for the financial year	802,583	(1,508)	801,075
	<hr/>	<hr/>	<hr/>

Explanation of changes to previously reported profit and equity:

- 1 On transition to FRS 102, the listed investments are required to be held at fair value. Adjustments were processed to the opening and closing 2014 position.